

Message Text

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ORIGIN EB-11

INFO OCT-01 EUR-25 ISO-00 CIAE-00 DODE-00 NSAE-00 NSCE-00

SSO-00 USIE-00 INRE-00 CAB-09 COME-00 DOTE-00 INR-11

RSC-01 FAA-00 PM-07 H-03 L-03 NSC-07 PA-04 PRS-01

SP-03 SS-20 /106 R

DRAFTED BY EB/OA/AN:MSTYLES:EUR/CE:RWBECKER:DPL

APPROVED BY EUR - WELLS STABLER

EUR/CE - MR. GEORGE

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FM SECSTATE WASHDC

TO AMEMBASSY BONN IMMEDIATE

INFO USMISSION BERLIN IMMEDIATE

AMEMBASSY LONDON

AMEMBASSY PARIS

C O N F I D E N T I A L STATE 214582

E.O. 11652:GDS

TAGS: PFOR, ETRN, WB, US, UK, FR

SUBJECT: AEROAMERICA

REF: A) BONN 15135, B) BONN 15134, C) BERLIN 1684,

D) STATE 207889, E) BERLIN 1704

1. ON SEPTEMBER 12, CAB DENIED REQUEST OF AEROAMERICA, GAC, AND MAT FOR AN ORDER TO SHOW CAUSE TENTATIVELY GRANTING EXPEDITED APPROVAL OF INTERIM FINANCIAL AND MANAGEMENT ASSISTANCE AGREEMENT BETWEEN AEROAMERICA AND MAT. CAB ALSO SET DOWN FOR HEARING THE QUESTION OF APPROVAL OF THE ACQUISITION AGREEMENT, CONTINGENT UPON THE PARTIES ADVISING CAB THAT THEY HAVE NOT AND WILL NOT EXERCISE THEIR OPTION TO WITHDRAW FROM THEIR STOCK PURCHASE AGREEMENT BY OCT 1. PARTIES SUBSEQUENTLY ADVISED CAB THAT THEY WISH TO PROCEED WITH ACQUISITION. IN OTHER WORDS, CONTRARY TO STATEMENTS MADE IN ORIGINAL APPLICATION, MAT WILL REMAIN CONFIDENTIAL

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IN BUSINESS PENDING OUTCOME ACQUISITION PROCEEDING WHICH

MAY TAKE SOME TIME. INFORMATION IN ROSENTHAL'S LETTER (PARA 1 BONN 15134) IS THEREFORE OUTDATED.

2. ALSO RELEVANT IS FACT THAT ON SEPTEMBER 19, CAB ISSUED ORDER IN THE ENFORCEMENT PROCEEDING AGAINST CLUB INTERNATIONAL AND ARTHUR JOEL AND JUNE E. EISENBERG FINDING THAT CLUB INTERNATIONAL AND EISENBERGS (A) HAVE HELD THEMSELVES OUT, AND CONTINUE TO DO SO, TO PUBLIC AS COMMON CARRIER, (B) DO NOT HOLD NECESSARY CERTIFICATE AUTHORITY TO ENGAGE

IN AIR TRANSPORTATION AS COMMON CARRIER (C) HAVE BEEN AND CONTINUE TO BE IN VIOLATION SECTION 401(A) OF FEDERAL AVIATION ACT AND (D) SHOULD BE ORDERED TO CEASE AND DESIST FROM ENGAGING IN AIR TRANSPORTATION IN VIOLATION OF ACT. SEPARATE CEASE AND DESIST ORDER ALSO ISSUED. EISENBERGS OWN AND CONTROL AEROAMERICA.

3. MAT'S US ATTORNEY UNDERSTANDS THAT MAT WILL REMAIN IN BUSINESS IN BERLIN UNTIL END OF OCTOBER. HOWEVER, LIKE MAT BERLIN REP (REF E), HE WAS UNABLE TO GIVE ABSOLUTE ASSURANCE ON THIS POINT.

4. IF CAB ULTIMATELY APPROVES ACQUISITION AGREEMENT, AEROAMERICA WILL NOT ACQUIRE MAT'S CERTIFICATE. IN OTHER WORDS, AEROAMERICA WILL BE IN SIMILAR POSITION AS GAC IS NOW AS HOLDING COMPANY, ALTHOUGH THERE MAY BE SOME CORPORATE REORGANIZATION. THUS, UNDER GUIDELINES WHICH DEPARTMENT BELIEVES SHOULD APPLY, AEROAMERICA COULD NOT BE CONSIDERED FOR PARTICIPATION IN BERLIN SERVICES UNLESS BY SOME SEPARATE ACTION IT SEEKS AND OBTAINS CAB CERTIFICATE AUTHORITY.

5. EMBASSY SHOULD PROVIDE SOONEST CRITERIA REQUIRED IN PAST BY ALLIED CAA'S FOR GRANTING APPROVAL TO CARRIERS, AND IN PARTICULAR SHOULD SPECIFY IF US CARRIERS WHICH HAVE APPLIED FOR AUTHORITY TO FLY IN CORRIDORS WERE IN POSSESSION OF CAB CERTIFICATE. KISSINGER

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